

OPEN MEETING



0000088843

ORIGINAL

MEMORANDUM

Arizona Corporation Commission

RECEIVED

DOCKETED

2008 SEP 22 P 1:29

SEP 22 2008

TO: THE COMMISSION

FROM: Utilities Division

DATE: September 22, 2008

DOCKETED BY

MM

AZ CORP COMMISSION
DOCKET CONTROL

RE: IN THE MATTER OF THE JOINT APPLICATION OF UNS ELECTRIC, INC. AND
AHA MACAV POWER SERVICE FOR AN ORDER APPROVING A
BORDERLINE AGREEMENT (DOCKET NO. E-04204A-08-0342)

On July 3, 2008, UNS Electric, Inc. ("UNS Electric") and Aha Macav Power Service ("AMPS") filed a Joint Application and Borderline Agreement ("Joint Application") for AMPS to provide electric service to 4-B Farms and the property of Mr. Wakimoto. Both UNS Electric and AMPS are engaged in providing electric service within portions of Mohave County, Arizona. UNS Electric operates pursuant to authority granted by the Arizona Corporation Commission ("Commission"). AMPS is subject to oversight by the Fort Mohave Public Utilities Commission.

4-B Farms and Mr. Wakimoto's property are located within UNS Electric's certified territory. According to the Joint Application, the estimated cost to establish the requested three-phase service for 4-B Farms by UNS Electric is \$405,000 and additional easements are also necessary. The nearest UNS Electric facilities are more than 4.1 miles from 4-B Farms. However, AMPS nearest facilities are 700 feet from 4-B Farms. The cost to establish the requested three-phase service to 4-B Farms would be \$55,000 if served by AMPS.

According to the Joint Application, the estimated cost to establish the requested three-phase service for Mr. Wakimoto's property by UNS Electric is \$110,000 and additional easements are also necessary. Mr. Wakimoto's property is more than 3.5 miles from UNS Electric's nearest facilities, but only approximately 3,500 feet from AMPS' nearest facilities. The cost to establish the requested three-phase service to Mr. Wakimoto's property would be \$74,000 if served by AMPS. The entire costs mentioned previously are the responsibility of the customers.

In Section IV of the Joint Application and Borderline Agreement, filed July 3, 2008, UNS Electric reserves the right to provide electric service to 4-B Farms and Mr. Wakimoto's property when UNS Electric determines that it is economically feasible to do so. If UNS Electric chooses to exercise the right to serve 4-B Farms and Mr. Wakimoto's property, UNS Electric will compensate AMPS for any AMPS facilities used by UNS Electric in order to provide service.

The following chart represents a rate comparison for Mr. Wakimoto's property. The chart demonstrates that Mr. Wakimoto's property will also experience a saving for the energy cost.

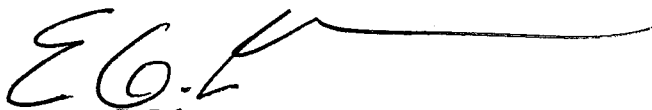
	UNS		AMPS	
1 st 400kWh	\$4.50	(0.011255 x 400 kWh)		
All Add'l	\$12.76	(0.02269 x 600 kWh)		
Any kWh			\$77.00	(0.077 x 1000 kWh)
PPFAC per kWh	\$14.75	(0.014746 x 1000 kWh)		
Base Power Supply	\$77.99	(0.77993 x 1000 kWh)		
Customer Charge	\$7.50		\$8.80	
Monthly Estimate	\$117.50		\$85.80	
12 Month Estimate	\$1,410.00		\$1029.60	
Yrly Difference			-\$380.40	

On August 26, 2008, UniSources Services sent a letter informing 4-B Farms representative, Mr. Sherrill, about the rate differences between UNS and AMPS applicable tariff. Even with the higher AMPS energy charge, it will take 4-B Farms over twenty-three years to expend the additional \$350,000 it would cost the 4-B Farms to be served by UNS Electric.

The following chart represents a rate comparison for 4-B Farms.

	UNS		AMPS	
Demand charge per kW	\$1,199.52	(10.71 x 112 kW)	\$1,232	(11 x 112 kW)
Delivery Charge	\$6.09	(0.003254 x 1872 kWh)		
Base Charge per kWh	\$125.54	(0.067062 x 1872 kWh)	\$144	(0.077 x 1872 kWh)
PPFAC per kWh	\$27.60	(0.014746 x 1872 kWh)		
Customer Charge	\$15.50		\$100	
Monthly Estimate	\$1,374.25		\$1,476	
12 Month Estimate	\$16,491.00		\$17,712	
Yearly Difference			+\$1,221	

Based on the above, Staff believes that the Borderline Agreement between UNS Electric and AMPS is a reasonable solution to allow extension of electric service to the 4-B Farms and Mr. Wakimoto's property and is in the public interest. Therefore, Staff recommends the Commission approve the Borderline Agreement between UNS Electric and AMPS.


Ernest G. Johnson
Director
Utilities Division

EGJ:KS:lhms\NS

ORIGINATOR: Kiana Sears\NS

COMMISSIONERS
MIKE GLEASON - Chairman
WILLIAM A. MUNDELL
JEFF HATCH-MILLER
KRISTIN K. MAYES
GARY PIERCE



BRIAN C. McNEIL
Executive Director

ARIZONA CORPORATION COMMISSION

September 22, 2008

Mr. David Couture
UNS Electric, Inc.
One South Church Avenue
Post Office Box 711
Tucson, Arizona 85702

Dear Mr. Couture:

Enclosed are the Commission Staff's transmittal memorandum and proposed order for UNS Electric, Inc. and Aha Macav Power Service – application for an order approving a borderline agreement (Docket No. E-04204A-08-0342). This is only a Staff recommendation to the Commission; it has not yet become an order of the Commission. The Commission can decide to accept, amend or reject Staff's proposed order.

You may file comments to the recommendation(s) of the proposed order by filing an original and thirteen (13) copies of the comments with the Commission's Docket Control Center at the Phoenix address listed below by 4:00 p.m. on or before October 3, 2008.

This matter is scheduled for Commission deliberation at its Open Meetings scheduled October 15, 2008, at 10:00 a.m. and October 16, 2008, at 10:00 a.m.

If you have any questions about this matter, please contact Kiana Sears of our Staff at (602) 542-0754, or me, at (602) 542-0745.

Sincerely,

A handwritten signature in black ink, appearing to read "E. Johnson".

Ernest G. Johnson
Director
Utilities Division

EGJ:KS:lhbm

Enclosures

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
KRISTIN K. MAYES
Commissioner
GARY PIERCE
Commissioner

IN THE MATTER OF THE APPLICATION)
OF UNS ELECTRIC, INC. AND AHA)
MACAV POWER SERVIC FOR AN ORDER)
APPROVING A BORDERLINE)
AGREEMENT)
_____)

DOCKET NOS. E-04204A-08-0342

DECISION NO. _____
ORDER

Open Meeting
October 15 and 16, 2008
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. UNS Electric, Inc. ("UNS Electric") and Aha Macav Power Service ("AMPS") are engaged in providing electric service within portions of Arizona, pursuant to authority granted by the Arizona Corporation Commission ("Commission" or "ACC").
2. On July 3, 2008, UNS Electric and AMPS filed a Joint Application and Borderline Agreement ("Joint Application") for AMPS to provide electric service to 4-B Farms and the property of Mr. Wakimoto. Both UNS Electric and AMPS are engaged in providing electric service within portions Mohave County, Arizona. UNS Electric operates pursuant to authority granted by the Arizona Corporation Commission ("Commission"). AMPS is subject to oversight by the Fort Mohave Public Utilities Commission.
3. 4-B Farms and Mr. Wakimoto's property are located within UNS Electric's certified territory. According to the Joint Application, the estimated cost to establish the requested three-phase service for 4-B Farms by UNS Electric is \$405,000 and additional easements are also

1 necessary. The nearest UNS Electric facilities are more than 4.1 miles from 4-B Farms. However,
 2 AMPS nearest facilities are 700 feet from 4-B Farms. The cost to establish the requested three-
 3 phase service to 4-B Farms would be \$55,000 if served by AMPS.

4 4. According to the Joint Application, the estimated cost to establish the requested
 5 three-phase service for Mr. Wakimoto's property by UNS Electric is \$110,000 and additional
 6 easements are also necessary. Mr. Wakimoto's property is more than 3.5 miles from UNS
 7 Electric's nearest facilities, but only approximately 3,500 feet from AMPS' nearest facilities. The
 8 cost to establish the requested three-phase service to Mr. Wakimoto's property would be \$74,000
 9 if served by AMPS. The entire costs mentioned previously are the responsibility of the customers.

10 5. In Section IV of the Joint Application and Borderline Agreement, filed July 3,
 11 2008, UNS Electric reserves the right to provide electric service to 4-B Farms and Mr.
 12 Wakimoto's property when UNS Electric determines that it is economically feasible to do so. If
 13 UNS Electric chooses to exercise the right to serve 4-B Farms and Mr. Wakimoto's property, UNS
 14 Electric will compensate AMPS for any AMPS facilities used by UNS Electric in order to provide
 15 service.

16 6. The following chart represents a rate comparison for Mr. Wakimoto's property.
 17 The chart demonstrates that Mr. Wakimoto's property will also experience a saving for the energy
 18 cost.

	UNS		AMPS	
19 1 st 400kWh	\$4.50	(0.011255 x 400 kWh)		
20 All Add'l	\$12.76	(0.02269 x 600 kWh)		
21 Any kWh			\$77.00	(0.077 x 1000 kWh)
22 PPFAC per kWh	\$14.75	(0.014746 x 1000 kWh)		
Base Power Supply	\$77.99	(0.77993 x 1000 kWh)		
Customer Charge	\$7.50		\$8.80	
23 Monthly Estimate	\$117.50		\$85.80	
24 12 Month Estimate	\$1,410.00		\$1029.60	
Yrly Difference			-\$380.40	

25
 26 7. On August 26, 2008, UniSources Services sent a letter informing 4-B Farms
 27 representative, Mr. Sherrill, about the rate differences between UNS and AMPS applicable tariff.
 28 ...

Even with the higher AMPS energy charge it will take 4-B Farms over twenty-three years to expend the additional \$350,000 it would cost the 4-B Farms to be served by UNS Electric.

The following chart represents a rate comparison for 4-B Farms.

	UNS		AMPS	
Demand charge per kW	\$1,199.52	(10.71 x 112 kW)	\$1,232	(11 x 112 kW)
Delivery Charge	\$6.09	(0.003254 x 1872 kWh)		
Base Charge per kWh	\$125.54	(0.067062 x 1872 kWh)	\$144	(0.077 x 1872 kWh)
PPFAC per kWh	\$27.60	(0.014746 x 1872 kWh)		
Customer Charge	\$15.50		\$100	
Monthly Estimate	\$1,374.25		\$1,476	
12 Month Estimate	\$16,491.00		\$17,712	
Yearly Difference			+\$1,221	

8. Based on the above, Staff believes that the Borderline Agreement between UNS Electric and AMPS is a reasonable solution to allow extension of electric service to the 4-B Farms and Mr. Wakimoto's property and is in the public interest. Therefore, Staff recommends the Commission approve the Borderline Agreement between UNS Electric and AMPS.

CONCLUSIONS OF LAW

1. UNS Electric is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over UNS Electric and over the subject matter of the Application.

3. The Commission, having reviewed the application and Staff's Memorandum dated September 22, 2008, concludes that it is in the public interest to approve the Borderline Agreement between UNS Electric and AMPS.

ORDER

IT IS THEREFORE ORDERED that the Borderline Agreement between UNS Electric, Inc. and Aha Macav Power Service for service to 4-B Farms and the property of Mr. Wakimoto is hereby approved as discussed herein.

IT IS FURTHER ORDERED that UNS Electric, Inc. notify the Commission prior to exercising its right to provide service to 4-B Farms and the property of Mr. Wakimoto in the future.

1 IT IS FURTHER ORDERED that approval of the Borderline Agreement at this time does
2 not guarantee any future ratemaking treatment of the Borderline Agreement between UNS
3 Electric, Inc. and Aha Macav Power Service.

4 IT IS FURTHER ORDERED that this Order shall become effective immediately.

5
6 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

7
8 _____
CHAIRMAN

COMMISSIONER

9
10
11 COMMISSIONER

COMMISSIONER

COMMISSIONER

12
13 IN WITNESS WHEREOF, I, BRIAN C. McNEIL, Executive
14 Director of the Arizona Corporation Commission, have
15 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this _____ day of _____, 2008.

16
17
18 _____
BRIAN C. McNEIL
EXECUTIVE DIRECTOR

19
20 DISSENT: _____

21
22 DISSENT: _____

23 EGJ:KS:lh\NS
24
25
26
27
28

1 SERVICE LIST FOR: UNS ELECTRIC, INC
2 DOCKET NOS. E-04204A-08-0342

3 Mr. David Couture
4 UNS Electric, Inc.
5 One South Church Avenue
6 Post Office Box 711
7 Tucson, Arizona 85702

8 Mr. Bill Cyr
9 8780 South Highway 95
10 Post Office Box 6870
11 Mohave Valley, Arizona 86440

12 Mr. Ernest G. Johnson
13 Director, Utilities Division
14 Arizona Corporation Commission
15 1200 West Washington Street
16 Phoenix, Arizona 85007

17 Ms. Janice M. Alward
18 Chief Counsel, Legal Division
19 Arizona Corporation Commission
20 1200 West Washington Street
21 Phoenix, Arizona 85007
22
23
24
25
26
27
28